

# **TANZANIA CHAMBER OF MINERALS AND ENERGY**

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## **Contents:**

- **PEEA 2002 in retrospect**
- **TRA Special Group**
- **Tanzania Geological Survey AGM**
- **From PSI to DIS**
- **Mineral Policy under review**
- **Adverse Publicity**
- **Comprehensive Mining Industry Study**
- **NSSF and Expatriates**
- **Environmental Management Act 2004**
- **Labour Law**
- **Chamber presentations**
- **Industry News**

## **Presidential Environmental Excellence Award (PEEA) 2002**

At last the long outstanding 2002 PEEA handing over of certificates to winners took place at the Karimjee Hall grounds on 30<sup>th</sup> August 2004. The ceremony was officiated by HE the Vice President Dr. Ali Mohamed Shein. Those awarded are: Resolute (T) Ltd. who took the top award-the Excellence award, Geita Gold Mining Ltd, Kahama Mining Ltd, and Tanga Cement Company received the certificate of merit whilst Williamson Diamonds Ltd. and Tazara Kongolo Quarry were given certificates of participation.

On the other hand the 2004 PEEA is well underway towards its conclusion. Mine visits were made by the Technical panel which conducted a technical assessment of the entries submitted by the various companies. A follow-up mission by members of the Selection committee to verify the findings of the Technical panel has also been conducted. According to the Vice President's office Department of Environment there have been dramatic developments in this year's competition making the PEEA closely contested. The Chamber extends a word of thanks to all companies that took part and the co-operation given to the Technical and Selection committees.

## **TRA special group to deal with mining companies.**

The Finance committee met on 30<sup>th</sup> June 2004 and made a commitment to discuss with TRA about the possibility of setting up within TRA a department to deal solely with mining companies. Following several consultations TRA has not been in favour of the proposal on the grounds that it would not fit in the current TRA structure and that the existing Large Taxpayers department can well accommodate mining companies. The modality on how to engage with the Large Taxpayer's is still to be determined.

## **Contribution to the Tanzania Geological Society**

The Tanzania Geological Society held its Annual General meeting in Mwanza 1<sup>st</sup> July 2004 and invited the Chamber to make a presentation. The Executive Secretary of the Chamber Mr. E. Jengo represented the Chamber and made the presentation to the AGM which was well attended by members of TGS as well as TCME members. TCME member companies contributed US\$ 1, 500 towards the event. Members that contributed were: Geita Gold Mine, Resolute (T), Kahama Mining Corp. Afrika Mashariki Gold Mining and Williamson Diamonds Ltd. The Chamber wishes to thank the companies for the gesture.

## **From PSI to Destination Inspection Scheme – DIS, implications to mining**

The Chamber was informed about the Destination Inspection scheme during a presentation that was made by Mr. Adrian Baranga of TISCAN. He briefly outlined to members of the Council the new scheme. He pointed out that effective January 1<sup>st</sup> 2004, the Tanzania Revenue Authority (TRA) embarked on a transition away from Preshipment Inspection (PSI) towards a Destination Inspection Scheme (DIS). DIS will come into full effect on July 1, 2004.

Under the DIS, unless otherwise determined by TRA, all commercial imports will be inspected upon arrival at destination in Tanzania, instead of being inspected abroad prior to shipment. The level of physical intervention on imports will vary from full physical inspection by TRA/Customs to X-Ray Scanning of FCL containers in the Port of Dar es Salaam or Fast Track release without any physical inspection. The Computerized Risk Management System (CRMS), an automated approach to assessing "Risk" through the use of advanced technology, will determine the

level of intervention applicable to each import consignment.

The combined implementation of CRMS and X-Ray Scanning will allow Customs to focus physical inspection on high-risk shipments while creating a “fast clearance” channel for the compliant majority. The Destination Inspection Scheme will therefore favorably balance facilitation and enforcement.

What is CRMS and how will this benefit the Importer?

It was pointed out that CRMS would identify risks associated with each import transaction and determine the applicable level of intervention:

- “Low Risk”: the goods covered by these transactions may be released without physical inspection;
- “Medium Risk” FCL consignments will be subject to X-Ray scanning in the Port of Dar es Salaam. Should no discrepancies be found, such imports will be released without further intervention.
- “High Risk” transactions will be subject to physical inspection by TRA/Customs to determine compliance. Through the CTMS approach voluntarily compliance imports will be facilitated and likely benefit from faster clearance times

It was pointed out that the new scheme would result in a net reduction of the cost of doing business due to faster clearance time.

On the other hand however, Chamber members were quite apprehensive about the new scheme fearing that it would cause unnecessary and costly delays to clearance of mining companies’ goods and that authorities should be notified and requested for waiver of DIS as well as the 1.2% inspection fee which it imposes.

The Finance committee of the Chamber had analyzed the matter and under the direction of Council wrote a letter to the Minister of Finance explaining the problems that will be faced by the companies in implementing the new scheme. In his response the Minister assured the Chamber that it was not the intention of the government that mining companies should suffer by the introduction of the new scheme and instructed TRA to cooperate with mining companies in resolving any crisis that might arise.

On the strength of the Minister’s letter, a follow – up meeting was arranged on 16<sup>th</sup> July 2004 with the Commissioner General of TRA. Whereby the Commissioner General made a commitment to the effect that TRA will be in the forefront in debottlenecking any problems that might crop – up while implementing the DIS and instructed that the Chamber reverts to him by 30<sup>th</sup> July 2004 any problems arise.

The Chamber then consulted with the Minister following delays that members were experiencing with the implementation of the new system. Consequently the Minister of Finance Hon. Basil Mramba convened a meeting on 24<sup>th</sup> August 2004 in his office. The meeting was attended by Prof. S. M. Mbilinyi, E. Jengo from the Chamber and Mr. Harry Kitilya – Commissioner General TRA, Mr. S. S. Yusuf – Deputy Commissioner Customs and Excise, Mr. P. Lyimo – Permanent Secretary Treasury, Mr. M. Kamugisha – Director of Policy Treasury and Mr. Adrian Baranga of TISCAN.

One clearing agent for mining company goods was requested to attend and give details of the problems being faced.

The following transpired from the meeting:

1. The Minister pointed out that deficiency in documentation presented by agents is the major cause for delays. Statistics for the month of July indicated that there were 41% rejections for the mining

companies – due to documentation not consistent with the COTECNA checklist issued to all parties since 15/9/04.

2. There is lack of understanding of the new system by the agents.
3. There is resistance to change to the new system by the agents hence the failure to comply.
4. There is need for training of agents and others on how the new system works. TRA is currently developing a syllabus towards this objective. All freight forwards will be required to undergo such training and pass examinations.

The major documentation flaws include; value difference between IDF and PFI; importer name difference IDF and PFI; exporter name difference between IDF and PFI; missing supplier contacts; invoices not legible; item description not sufficient and others.

The Chamber's did put a request for a waiver of DIS and the 1.2% inspection fee to which the Minister was not in favour.

As a way forward the Minister pointed out that it is incumbent upon mining companies to engage competent agents in order to minimize delays.

He further pointed out that provisional clearance would be considered in cases of extreme urgency, as has been the case and directed TRA to render co-operation accordingly. The Minister mentioned that it was important at this stage as the new system starts to enable TRA to classify importers as green, yellow or red.

He directed TRA to conceive a public awareness programme on the DIS and also directed TRA to make public owners of impounded goods.

## **Prime Minister's Committee on Mineral Policy Review**

The mineral sector review committee was set up by the Prime Minister with the aim of making an in-depth analysis of the mineral policy 1997 and make appropriate recommendations to the government. This has been sparked by the mining industry being increasingly criticized that it not benefiting the country.

In conducting its task, the Committee met with various stakeholders in the country as well as the Chamber at a meeting held on Monday 26<sup>th</sup> July 2004 the following committee members attended: Dr. Jonas P. Kipokola – Chairman, Hon. Kabuzi F. Rwilomba (MP), Mr. Andrew Nyumayo and Mr. Rogers Sezinga. The Chamber was represented by the following members: Mr. Tim Baker, Mr. Josephat Mwita, Mr. Clement Msalangi, Mr. Lexton Graeffe, Mr. Deo Mwanyika, Mr. Emmanuel Jengo, Ms. Tina Mwashwa, Mr. Alan Fine (From Anglogold South Africa). It emerged from the meeting that apart from taxes currently being paid and contributions to socio-economic activities, more could accrue to Tanzania through the provision of goods and services to mining operations by local companies.

The consultative process culminated in a workshop that was held in Arusha from 2<sup>nd</sup> to 3<sup>rd</sup> September 2004 where over 100 stakeholders' participated, The Chamber was listed as discussant in one of the papers. Mr. E. Jengo discussed the paper presented by the Bank of Tanzania titled "distribution of revenue, enhancing tax and non-tax benefits". The general feeling among the participants was that the mineral policy is okay, however, there was lack of an appropriate Plan of Action to steer it along particularly with regards to the development of small to medium scale mining which has continued to lag behind. The detailed resolutions of the Arusha meeting are currently under preparation by the

Committee secretariat and members would be informed in due course. The Chamber supported the workshop to the tune of Shs. 2.6 million to cater for translators and equipment.

### **Adverse Publicity on Mining**

Adverse publicity on the mining industry has been a long-standing issue. The Council has committed to addressing it so as to gradually delete the negative perceptions harboured by the general public. To begin with, a public awareness campaign covering newsprint and TV media should be started with by member mining companies and the Chamber. This strategy has started as a number of positive articles on companies have been in the press as well as appearances on TV by company executives. We urge members to provide feedback on activities aimed at redressing mining industry image so that it can be disseminated.

### **Comprehensive Mining Industry Study in the Offing**

It is about six years ago since 1998 when the first modern gold mine was opened in the country. By all measures it is still considered as a sunrise industry despite being consistently criticized that it is not benefiting the country. As one of the strategies to address this, the Council resolved to engage a consultant to carry out a comprehensive study to establish the extent of economic benefits. Consultations are currently underway with the National Bureau of Statistics (NBS).

### **NSSF demands remittance on expatriate employees**

The NSSF has been demanding from various companies NSSF remittance for expatriate employees. One of the affected members is Stanley Mining Services, which has been in

consultation with the NSSF as well as lawyers in trying to determine the legal status of the demands particularly that expatriate employees do contribute to Employee Superannuation Funds in their countries of origin. After a long period of consultation, Stanley Mining Services has reached an understanding with NSSF that as long as there is proof that an employee contributes to an external fund there will be no requirement to remit NSSF for that employee in the country. This should be good news for the rest of the members who are faced with a similar situation as this has set precedence. From an economic point of view it is worth noting that if payments of NSSF were to be made by Stanley Mining it would cause a minimum 5% increase in prices that SMS would be charging to the mining industry.

### **ENVIRONMENTAL MANAGEMENT ACT 2004**

A new Environmental Management Act 2004 (EMA2004) has undergone the first reading in Parliament in July and is now open for public comment before submission in Parliament in October 2004 for second and final reading. The Act has been circulated to all members for comment and the Environment Land Management and Conservation subcommittee of the Chamber is also working on it following which it will be submitted to the Vice President's office Department of Environment. Members are urged to convey their comments to the Chamber before the third week of September.

### **LABOUR LAW**

The new Labour Laws enacted by Parliament is an important piece of Legislation which employers need to know thoroughly well. In this newsletter a brief outline is given.

The purpose is to have a labour regime whose policies, laws and regulatory structures promote employment, protect labour and at the same time allow enterprises to grow and compete in a modern economy. A system with sufficient flexibility to balance goals of economic growth and social equity. To a large extent the laws address issues of imbalance between employers and employees.

The laws seek to make provisions or observance of core labour rights, to establish basic labour and employment standards, to provide a framework for freedom of association and collective bargaining, to provide for an efficient and transparent system of prevention and settlement of labour disputes and to provide for an efficient system for enforcement of labour standards and other related matters.

Furthermore the laws will be in conformity with the Constitution of the United Republic, ratified ILO Conventions, will ensure prevention of labour disputes where possible, and if not, they are expeditiously resolved, ensure orderly collective bargaining and labour peace, ensure observation of economic principles of efficiency, productivity and competitiveness and at the same time guarantee social justice and equity.

The two laws in question are the Labour Institutions Act which essentially provides for the establishment of the machinery for tripartite consultation in policy and operational matters, and the Employment and Labour Relations Act which shall apply to all employees including those in the Public Service of the Government of Tanzania except the army, police, prison service, intelligence service and national service.

The two laws are now Acts of Parliament which were tabled in the Parliament session in November 2003 for first reading. The Second Reading and subsequent enactment was done on 13<sup>th</sup> and 14<sup>th</sup> April 2004

Parliament session. The two Bills would completely repeal the following seven existing Laws:

- a) The Employment Ordinance Cap 366
- b) The Regulations of Wages and Terms of Employment Ordinance Cap 300
- c) Wages and Salaries (General Revision) Act No. 22 of 1974
- d) Trade Unions Act No. 10 of 1998
- e) The Security of Employment Act No. 62 of 1964
- f) The Severance Allowance Act No. 57 of 1962
- g) The Industrial Court Act No. 41 of 1967

**Some of the salient features are as follows:**

Fundamental (core) rights / Freedom of Association (right of employees to join trade unions), Discrimination, Forced Labour and Child Labour. Stringent penalty of Shs. 5 million or imprisonment for six (6) months or both has been imposed.

1. Senior member cannot be member of trade union.
2. No category of casual employees, only specific contracts.
3. No more than 50 overtime hours in a four-week cycle.
4. Compressed working week.
5. Night shift will have 5% more pay for every hour.
6. Annual leave will be 28 consecutive days (not working days). No payment in lieu of leave.
7. Maternity leave will be 84 day, and for twins will be 100 days. Maternity will be limited to four births in working life and interval of three years, assuming working in the same company. Three-day Paternity leave has been introduced.
8. Compassionate leave of four days.

9. No summary dismissal in new law.
10. Labour Conciliation Board will be disbanded.
11. Commission for Mediation and Arbitration (CMA) shall be established. It will be independent of the tripartite partners and to be run by officers who will be trained and certified as Mediators or Arbitrators.
12. For a trade union to have organizational rights recognized by the employer and to bargain collectively, it must represent more than 50% of the Collective Bargaining Unit.
13. Strikes and disputes have been decriminalized.
14. Industrial Court will be disbanded.

## **PRESENTATION TO ZIMBABWE CHAMBER OF MINES**

The Executive Secretary of TCME Mr. E. Jengo delivered a Keynote Speech to the Zimbabwe Chamber of Mines during the 65<sup>th</sup> Annual General Meeting as a guest speaker on 21<sup>st</sup> May 2004 at Nyanga in Zimbabwe. The paper covered brief history of mining in the country, the economic reforms and how they impacted on the industry in terms of increased foreign direct investment in exploration and mining operations and the problems and challenges facing the industry as it continues to grow. The event served to cement further the association of mining industries in Southern Africa currently operating under MIASA – Mining Industry Associations of Southern Africa of which TCME is a founding member.

## **PRESENTATION OF TCME STRATEGIC PLAN TO GOVERNMENT MINISTRIES**

The Tanzania Chamber of Minerals and Energy Strategic and Business Plan 2004-2009 was presented to Key stakeholders on 1<sup>st</sup> of June 2004 at New Africa Hotel by the Executive Secretary Mr. E. W. Jengo being part of a plan to sensitize various other stakeholders particularly different ministries on how the plan involves them during its implementation.

The presentation that included the Vision, Mission Statement and Strategic goals was made with the aim of indicating areas of the TCME Strategic and Business Plan that calls for the involvement or collaboration of different ministries. Seven ministry officials attended the meeting i.e. Finance, Energy and Minerals, Health, Vice President's office – environment, Home Affairs, Education and Culture, State House and TRA. The following are the highlights of the presentation:

The Vision Statement is:

***Our industry will be a role model in leading the way to a successful Tanzania.***

This vision is underpinned by strategic goals, which are:

- ***To ensure business and social climate that will enable our industry to lead the economic growth of Tanzania.***
- ***To ensure a positive image of our industry.***

To compliment this the Mission is:

***To vigorously promote and represent our industry and provide value-added services to our members through:***

- Working with all levels of Government and associated industries to ensure an effective

legal and regulatory framework that will support and govern the industry

- Encouraging all members to achieve best practice in all aspects of their business, with special emphasis on:
  - Occupational Health and Safety,
  - Environmental conservation and land management,
  - Sustainable social development,
  - Building capacity in the workforce,
  - Working in partnership with educators and students
  
- Monitoring public perceptions and educate public/industry stakeholders on the realities of the industry and its contribution to Tanzania.
  
- Promoting business development that supports our industry and its social responsibilities.

## **NEWS FROM THE INDUSTRY**

### ***LAKOTA RESOURCES GOLD EXPLORATION ACTIVITIES IN THE LAKE VICTORIA GREENSTONE BELT OF TANZANIA***

Lakota Resources Inc. is committed to the exploration and development of gold resources. Lakota acts as operator for Tembo and Tulawaka projects.

#### **Tembo Project**

The Tembo project includes the properties previously referred to as Ikina Reefs, Tannor and Bemuda and covers an area of approximately 78 sq.km. The Tembo project constitutes a very attractive target for gold

mineralization in excess of one million ounces.

During 2003 the Company acquired a 100% interest in the former Ikina Reefs, Tannor and Bemuda properties. Goldfields have an exclusive option for 15 months for a joint venture agreement on the Tembo project, to earn 51% interest by spending an additional US\$ 3million on exploration. Lakota will act as project operator until Gold Fields has the spent a minimum of US\$1.0 at which time GoldFields has the option of taking over as operator.

Exploration on the Tembo Project commenced during the fourth quarter of 2003.

#### **Tulawaka Area Properties**

Lakota holds an interest in seven prospecting licences to the NW of the Tulawaka mine Project. The 2002-2003 work and reinterpretation has shown that much of the area to the west and north west of Tulawaka deposit including six of the seven properties in which Lakota has an interest is probably underlain by highly prospective greenstone rocks similar to those known to host gold mineralization elsewhere in the Lake Victoria Goldfields.

#### **Ikungu Properties**

The Ikungu Project is the Company's second advanced property. It consists of a single prospecting licence and the project is located approximately 20 km south of Musoma and is based around a small underground mine that produced gold 1933-1942.

The work by Lakota is aimed primarily at evaluating two geochemical anomalies from the earlier work. The proposed exploration program for 2004 consists primarily of diamond drilling to further evaluate the known gold mineralization from the old mines and the drill-hole intersections from work by previous operators.

Lakota has entered into an option/joint-venture agreement with Shanta Mining Co. Ltd for the exploration and/or development of the Ikungu property.

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**Please send your news articles to**  
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